

## **EXHIBIT 15**

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Puerto Rico

## Rosselló Pledges to Protect ‘Most Vulnerable’ in Pension Reform

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Gov. Ricardo Rosselló acknowledged today that changes in pension benefits for some government retirees may be on the horizon. However, he stressed that the “most vulnerable” pensioners will not only be protected from cuts but could see their circumstances improve under pension reform measures that are expected to be incorporated into the administration’s proposed long-term fiscal plan.

“We are going to protect the most vulnerable sectors. That is why we have made a distinction between the proposals of the fiscal oversight board and our proposals. We are developing them during long nights with a committed team so that we can fit together those numbers with our public policy and present an agenda of transformation and change and fiscal responsibility. One of the pillars of that plan is protect the most vulnerable of our society,” the governor said during a press conference this afternoon.

The governor also denied the existence of any negative fallout regarding his decision not to extend the contract of Puerto Rico Electric Power Authority Chief Restructuring Officer Lisa Donahue and her team at AlixPartners, which expires today.

### **Pension Reform**

The administration faces a Feb. 28 deadline to submit a proposed long-term fiscal plan to the PROMESA oversight board that will chart the route for Puerto Rico to reach budget balance in two years. Last month, the board unveiled a suggested [\\$4.5 billion fiscal adjustment blueprint](#) for the commonwealth that included a 10%, or \$200 million, cut in annual pension costs. The administration [rejected](#) many of the suggested measures and said it would present alternatives and work with the board to find “an acceptable balance.” PROMESA oversight board chairman José Carrión subsequently acknowledged that the government could set its own policy and that arriving at budget balance is the crucial factor, rather than how the commonwealth gets there.

Rosselló said the lowest-paid government pensioners have “difficulty paying for their medicine” and “cutting their pensions by 10% would be throwing them into poverty.”

The governor said a major goal of his administration’s pension reform will be to separate the defined benefits pension plan funding and the defined contributions pension plan funding, which are currently commingled. Employees hired after 2000 are in a defined contribution plan, and the defined benefit program was brought to a close during the 2013 pension reform.

The governor indicated that the defined benefits system will be handled on a pay-as-you-go basis, while the defined contributions program will be spun off to the private sector and run as a 401(k)-type program.

“We will measure each pensioners’ contribution depending on the numbers, but it is categorically established that the most vulnerable and the poorest will be protected, and in some cases we will improve their circumstances,” the governor said. “Everything is subject to seeing how big the problem is, but those who have more should contribute more.”

Last month, the administration told the PROMESA board that among the measures it is considering is taxing pension benefits for the largest recipients like ordinary income. The board has also discussed the importance of protecting the most vulnerable while making the pension system “financially sustainable.”

The commonwealth has been paying \$14 million in monthly interest payments on its \$3.1 billion of outstanding pension obligation bonds. However, it suspended deposits to a POB trust last June, and the existing reserves are expected to dry up by May, Moody's Investors Service said in a report this week.

A POB [lawsuit](#) against the commonwealth over the suspension of the POB trust was [settled](#) last month with an agreement that employer contributions would be segregated in a separate account at Banco Popular during the length of the PROMESA litigation stay, which runs until May 1.

## **No Fallout Over Donahue Exit**

Addressing today's expiration of PREPA's contract with CRO Lisa Donahue and her team at AlixPartners, Rosselló said that the move will save the commonwealth government "tens of millions of dollars" and that talks with PREPA creditors regarding modifications to the restructuring support agreement remain ongoing.

"There has not been any signal by the *compañeros* who signed the accord that they want to break it," the governor said, referring to PREPA's creditors. "To the contrary, they have granted the extension to look for better alternatives for Puerto Rico."

The governor reiterated that the administration's public policy is against a PREPA rate hike and that its analysis of the RSA is looking for "the public policy to be tied in some way to this restructuring and that we can resolve not just the financial problems but the structural problems of PREPA."

The governor spoke during a press conference in which he enacted a law creating the Puerto Rico Community and Socio-economic Development Office, which looks to streamline and make more efficient government processes and services involving community groups and the nonprofit sector.

Rosselló also said the law will enable nonprofits and community groups to take over many of the 340 services identified by his administration that are currently provided by government. Pointing to a study by Estudios Técnicos, the governor said that island nonprofits can deliver for \$1 a service that costs the government \$7 to deliver. In the case of education, its costs the government \$20 to provide the same service a nonprofit can provide for \$1.

The governor said not only will costs be cut, services will be improved. A federal Temporary Assistance to Needy Families welfare-to-work program is administered by the government in six regions by the government and one region by a nonprofit. The governor said the commonwealth is facing \$20 million in fines because the six government-run areas have not met goals, while the seventh region run by the nonprofit has exceeded federal expectations.

The new office will replace the Special Communities Office, which was created more than a decade ago through a project of former Gov. Sila Calderon that established a "permanent" billion dollar trust aimed at development projects in marginalized communities across the island. The money is now gone, and the new director of the office, Jesús Vélez, said he is undertaking exhaustive audit to find out where it went, while working to get additional federal funding sources for community projects. Vélez said there was a \$101 million in Special Communities fund at the Government Development Bank when the previous administration declared a financial emergency at the institution and restricted withdrawals from it.

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